

Message Text

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TO AMEMBASSY KINSHASA IMMEDIATE

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E.O. 11652: N/A

TAGS:EFIN, CG

SUBJECT: VOA REPORT OF CHASE MANHATTAN COMMENTS ON ZAIRE
FINANCIAL SITUATION

BEGIN UNCLASSIFIED

1. FOLLOWING IS ENGLISH VERSION OF VOA NEWS ITEM BROADCAST
IN ENGLISH AND FRENCH OCTOBER 21: "ZAIRE HAS DEFAULTED ON
INTEREST PAYMENTS OF SOME OF ITS INTERNATIONAL BANK LOANS.
THE CHASE MANHATTAN BANK OF NEW YORK SAID THE CENTRAL
AFRICAN NATION WAS IN ARREARS ON BOTH MEDIUM AND
LONG-TERM INTERNATIONAL CREDITS. BUT THE EXACT AMOUNT
OF UNPAID INTEREST WAS NOT IMMEDIATELY KNOWN. THE DEFAULT
REPORTEDLY WAS TRIGGERED BY A SHARP DROP IN COPPER PRICES
WHICH CUT ZAIRE'S EXPORT EARNINGS."

2. STORY BASED ON COMMENTS MADE BY CHASE SPOKESMAN WHO
WAS ANSWERING PRESS ENQUIRIES PROMPTED BY REPORTS OF
ZAIRE'S FINANCIAL DIFFICULTIES APPEARING IN LONDON
FINANCIAL PUBLICATION. BANK WAS NOT ANNOUNCING ANY
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SPECIFIC ZAIRIAN DEFAULT ON CHASE LOAN BUT RATHER

COMMENTING ON COUNTRY'S GENERAL FINANCIAL SITUATION.
OCTOBER 20 WALL STREET JOURNAL ARTICLE ON ZAIRE'S
FINANCIAL SITUATION QUOTED CHASE AS CONFIRMING THAT
ZAIRE "IN ARREARS ON ITS MEDIUM- AND LONG-TERM CREDITS"
BUT ALSO SAYING THAT BANK "IS ENCOURAGED BY THE STEPS
ZAIRE HAS TAKEN TO PUT ITS ECONOMIC HOUSE IN ORDER" AND
THAT "WE HAVE CONFIDENCE IN THE LONG-TERM STRENGTH
OF THE ECONOMY, BECAUSE OF THE COPPER RESOURCES AND
PETROLEUM EXPLORATION UNDER WAY THERE." STORY REPORTED
CHASE SYNDICATION OF SMTF EURODOLLAR LOAN WOULD BE
SIGNED NEXT MONTH. WASH POST CARRIED SIMILAR ARTICLE
OCTOBER 21. VOA STORY BASED ON WASH POST ARTICLE AND
OCTOBER 20 REUTERS REPORT, LATTER OF WHICH WE HAVE NOT
SEEN.

3. WALKER HAS COPY OF JOURNAL ARTICLE, AND ANOTHER HAS
BEEN POUCHED TO NETTLES. END UNCLASSIFIED.

4. BEGIN LOU. IT IS IMPORTANT FOR FUTURE GOZ-CHASE
BANK RELATIONS MAKE CLEAR TO GOZ THAT CHASE COMMENTS
HELPFUL, SINCE FACTS OF PAST DUE PAYMENTS ALREADY
PRESS. INGERSOLL

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